



Community Meeting: Proposed Expansion of TIRZ #2

Presented by:

Ellen Cohen - Council Member

Barron Wallace – Midtown Redevelopment Authority

Andy Icken – Chief Development Officer



Tax Increment Reinvestment Zones

Barron Wallace – Midtown
Redevelopment Authority



TIRZ – Tax Increment Reinvestment Zone

- **Authorized by Chapter 311 of Texas Tax Code**
 - Typically created by a City but can be created by a County
 - Goal is to aid in financing the “development or redevelopment of unproductive, underdeveloped or blighted areas.”
 - Local Government Corporations are created to manage each TIRZ and may enter into development agreements or incur debt
- **Criteria for Creation**
 - Numerous criteria regarding substandard conditions within a proposed Zone.
 - Infrastructure Improvements
 - “Predominance of defective or inadequate sidewalk or street layout”
 - “Unsafe Conditions”
 - Generally a contiguous area
- **Criteria for Annexation**
 - Land within Zone boundaries may not exceed 30% residential
 - Undeveloped or under-developed real estate

TIRZ Governance

- **TIRZ governed by a Board of Directors**
 - Responsible for implementing TIRZ Project Plan
 - Can create a Local Government Corporation (“LGC”) to manage the affairs of the TIRZ and implement project Plan
 - TIRZ #2 – Midtown Redevelopment Authority
- **Nine Directors for TIRZ #2**
 - 5 – Appointed by City of Houston
 - 1 – Appointed by State Senator Rodney Ellis
 - 1 – Appointed by State Representative Garnet Coleman
 - 1 – Appointed by HISD
 - 1 – Appointed by Harris County

Tax Increment Revenues

- **Tax Increment**

- Upon creation of the Zone or annexation of land, the base year of the Zone is set
- All tax values above the base value are considered tax increments, and resulting incremental tax revenues are deposited with the City in a special account held for the Zone
- Tax increments from each taxing jurisdiction are deposited in an account and are transferred to the Zone/LGC per the terms of various interlocal agreements
- Zones/LGC may only expend tax increments on projects included in their approved annual budget

- **Types of Projects that can be financed**

- Capital Projects – Streets, drainage, water, parks and public facilities, streetscape (sidewalks, lighting, landscaping), parking facilities, affordable housing, economic development

Relationship Between TIRZ and Management Districts

- Zones receive tax increments to fund public improvement from various taxing entities
- Management districts assess and collect additional revenues from commercial property owners to fund projects that benefit the entire district (maintenance, economic development, district identity, advocacy, etc.)
- Management districts assess and collect additional revenues from residential property owners only if specifically authorized by the legislature.

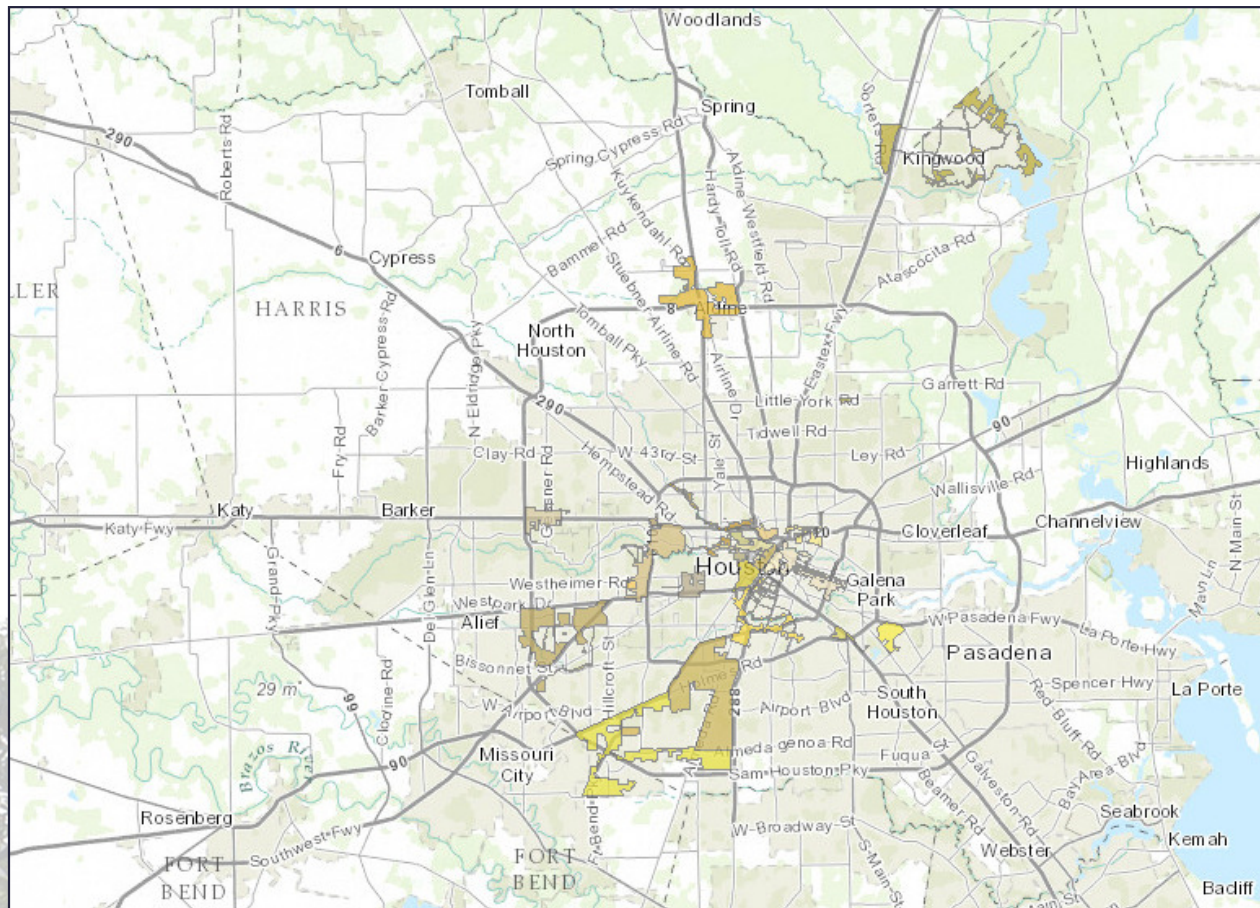
Tax Increment Reinvestment Zones

Andy Icken – Chief Development
Officer



Tax Increment Reinvestment Zones

City has 24 active TIRZs

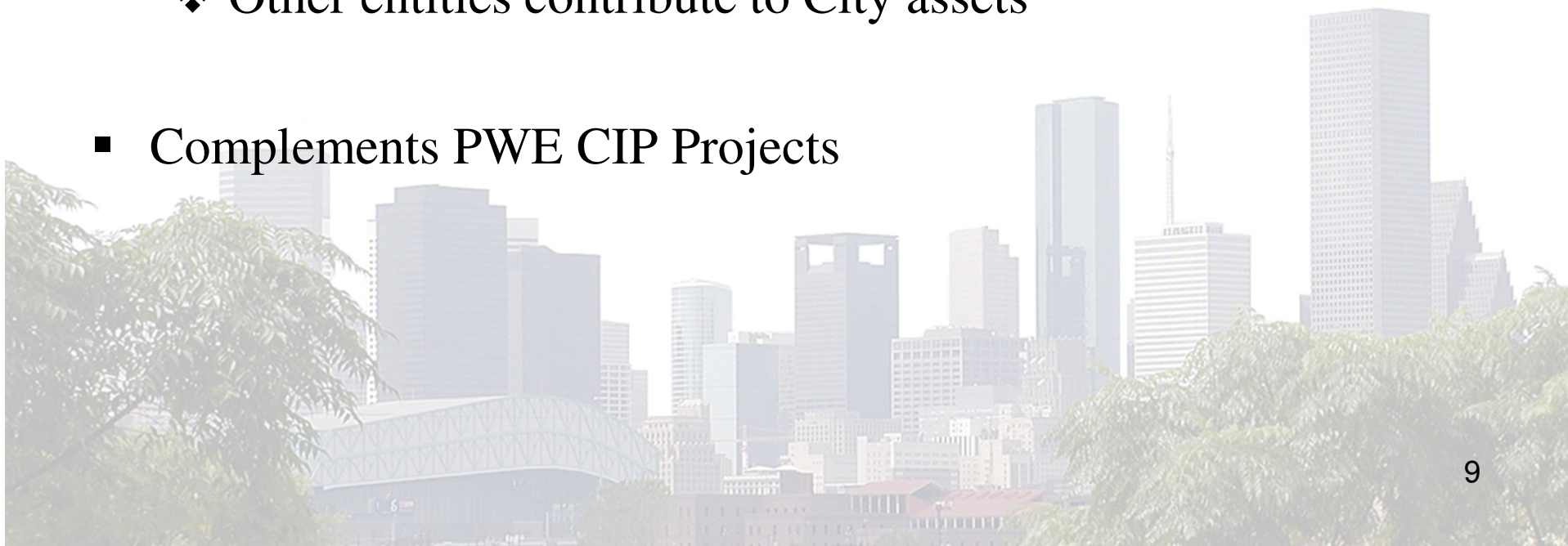


No.	Name
1	Lamar Terrace
2	Midtown
3	Market Square
5	Memorial Heights
6	Eastside
7	OST/Almeda
8	Gulfgate
9	South Post Oak
10	Lake Houston
11	Greater Greenspoint
12	City Park
13	Old Sixth Ward
14	Fourth Ward
15	East Downtown
16	Uptown
17	Memorial City
18	Fifth Ward
19	Upper Kirby
20	Southwest Houston
21	Hardy/Near Northside
22	Leland Woods
23	Harrisburg
24	Greater Houston
25	Hiram Clark/Fort Bend

Tax Increment Reinvestment Zones

Advantages to the City

- Only economic development program currently utilized that gives the city access to tax dollars from other taxing entities
 - ❖ All dollars fund public projects within the city
- The public infrastructure becomes assets to the City
 - ❖ Other entities contribute to City assets
- Complements PWE CIP Projects

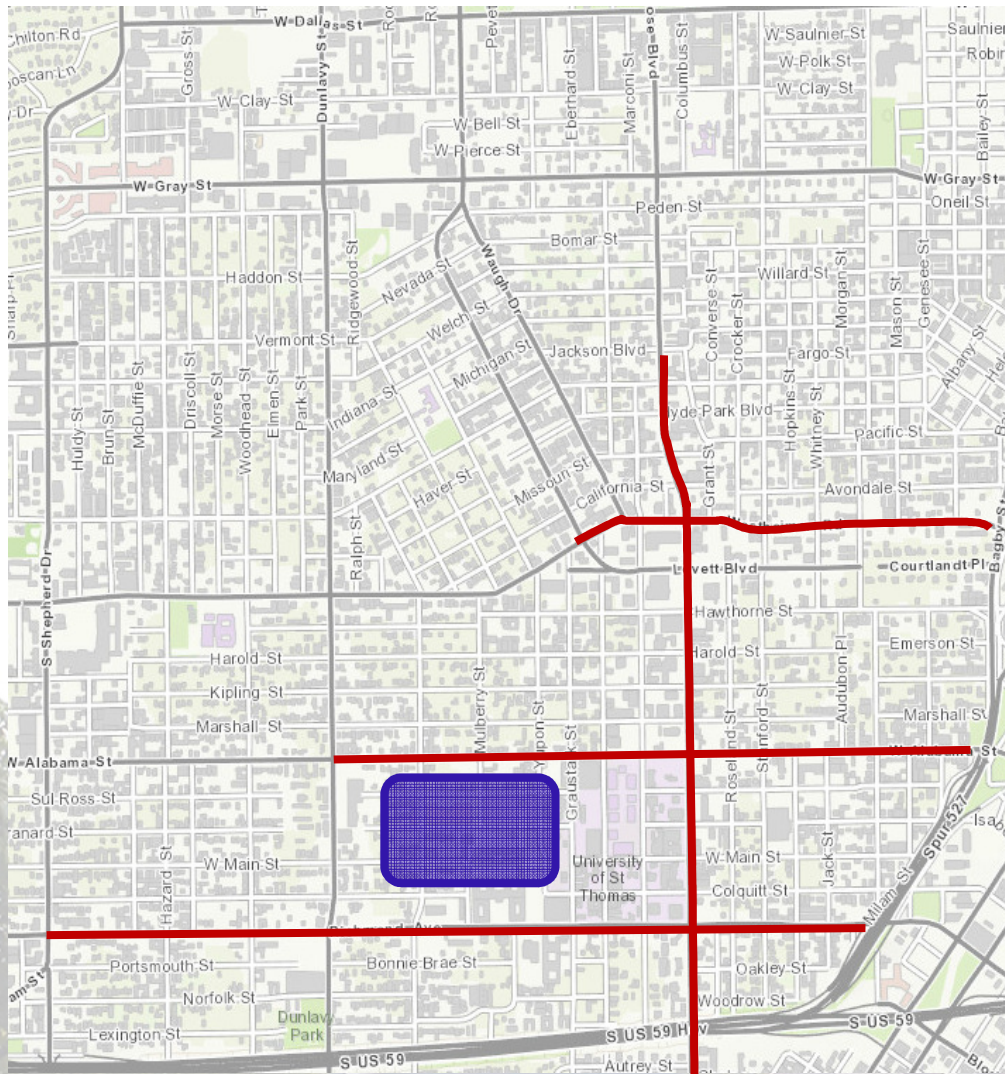


Tax Increment Reinvestment Zones

Advantages of annexation versus creating a new TIRZ

- Advantages of annexation versus creating a new TIRZ:
 - ❖ Established fund balance available to pursue capital improvement projects
 - ❖ Adequate increment coverage ratio to issue bonds
 - ❖ Institutional knowledge working with multiple jurisdictions to implement project plan efficiently and effectively

The Montrose Area – Proposed Projects



- Streets:
 - Alabama
 - Montrose
 - Richmond
 - Westheimer
- Other:
 - Park
 - Parking Garage

Timeline for Future Discussions

❖ January 2015

- ❖ Identify stakeholder committee participants
- ❖ Hold first stakeholder committee meeting to discuss proposed boundary and infrastructure priorities

❖ February 2015

- ❖ Continue discussions on priorities and review proposal with city departments

❖ March 2015

- ❖ Prepare final proposal for boundary and project priorities for submittal to City

❖ April 2015

- ❖ City review proposal and coordinate annexation process

❖ May 2015

- ❖ City presents proposal for City Council consideration